

Message Text

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E.O. 11652: N/A

TAGS: BEXP, BTIO, BU

SUBJECT: GOB THIRD METALLURGICAL COMPLEX: PRELIMINARY PLANNING
FOR FIRST STAGE

REFS: A) SOFIA 1383, B) SOFIA 1055, C) STATE 155800

1. SUMMARY: ON JULY 13 EMBOFF WAS INFORMED BY DIRECTOR OF PLANNING FOR THE THIRD METALLURGICAL COMPLEX THAT GOB CONSIDERS ALL ASPECTS OF THE RECENTLY APPROVED FIRST STAGE CONSTRUCTION PLANNING OPEN TO COMPETITION FOR SALES FOR ENGINEERING PROJECTS, PROCESS CONTROL EQUIPMENT, TECHNOLOGY AND EQUIPMENT. DIRECTOR OUTLINED STEPS FOR PLANNING FIRST STAGE CONSTRUCTION. IN ADDITION TO 800,000 TONS ANNUAL CAPACITY ROLLING MILL, DIRECTOR OFFERED REQUIREMENT FOR 200,000 TONS ANNUAL CAPACITY ROLLING MILL FACILITY FOR HIGH QUALITY AND ALLOY STEELS. DIRECTOR REITERATED GOB NEED FOR INFORMATION ON INTERESTS OF AMERICAN FIRMS FRO CONSULTATIONS ON CHEMICAL PLANT TO HANDLE BY-PRODUCTS OF METALLURGICAL PROCESS IN MANUFACTURE OF AMMONIA AND NITROGEN FERTILIZERS. END SUMMARY.

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2. ON JULY 13 EMBOFF THIBAUT MET WITH ANTANAS MARKOV, DIRECTOR OF PLANNING FOR THE THIRD METALLURGICAL COMPLEX, TO DISCUSS THE RECENT DECISION OF THE GOB COUNCIL OF MINISTERS TO CONSTRUCT THE FIRST STAGE OF COMPLEX BY 1983. MARKOV CONFIRMED REF A INFORMATION THAT THE GOB MINISTRY OF METALLURGY AND MINERAL RESOURCES IS PROCEEDING ON A PRIORITY BASIS TO PLAN AND BUILD THE FIRST STAGE OF THE

COMPLEX. MARKOV MADE QUITE CLEAR AT SEVERAL POINTS IN DISCUSSION THAT ALL ASPECTS OF THE COMPLEX PLANNING AND EQUIPMENT ARE OPEN TO COMPETITION BY AMERICAN FIRMS. MARKOV ADDED THAT GOB WILL PURSUE COURSE OF OBTAINING BEST POSSIBLE EQUIPMENT AT MOST COMPETITIVE PRICES, THUS PLANS CONSULTATIONS WITH WEST EUROPEAN, JAPANESE, AND AMERICAN FIRMS.

3. MARKOV OUTLINED STEPS INVOLVED FOR GOB PLANNING ON COMPLEX WITH GENERAL TIME FRAME AS FOLLOWS:

A. PROCESS AND MANAGEMENT CONTROLS SYSTEMS: DURING JULY THROUGH SEPTEMBER MINISTRY WILL CONDUCT DISCUSSIONS WITH COMPANIES INTERESTED IN SELLING SUCH SYSTEMS. (NOTE: MINISTRY HAS ESTABLISHED CONTACTS WITH IBM AND HONEYWELL. EMBASSY PROVIDED BROCHURES ON SPERRY UNIVAC SYSTEMS AT THIS MEETING.) MARKOV WOULD NOT PROVIDE EVEN GENERAL PARAMETERS ON THIS TOPIC. BELIEVE MINISTRY SPECIALISTS CANNOT DEFINE NEEDS UNTIL AFTER CONSULTATIONS WITH SEVERAL FIRMS.

B. BASIC ENGINEERING: TO COVER GENERAL PLAN, PHILOSOPHY OF ORGANIZATION, GENERAL DECISIONS ON EQUIPMENT, ENVIRONMENTAL PROTECTION PLANS, AND GENERAL LAYOUT OF FIRST STAGE. ALSO, PLANNING FOR SPECIAL PORT FACILITY IN BURGAS AREA FOR HANDLING RAW MATERIALS AND FINISHED PRODUCT, INCLUDE-

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DING TRANSPORTATION LINKS FROM PORT TO COMPLEX. MINISTRY INTENDS INITIATE DISCUSSIONS ON THIS TOPIC BEGINNING OCTOBER 1 THROUGH FTO TECHNOIMPORT. MINISTRY INTENDS TO REACTIVATE DISCUSSIONS WITH US STEEL AND BETHLEHEM STEEL ON BASIC ENGINEERING PROJECTS. EMBASSY RESPONDING TO EARLIER US STEEL TELEX INQUIRY ON STATUS OF COMPLEX. REQUEST DOC ADVISE BETHLEHEM STEEL AND, AS APPROPRIATE, OTHER AMERICAN FIRMS OF MINISTRY'S INTEREST IN THIS TOPIC.

C. SPECIFIC ENGINEERING: DURING 1979, MINISTRY EXPECTS TO INITIATE CONTACTS WITH COMPANIES FOR ENGINEERING PROJECTS COVERING PLANNING FOR WORKSHOPS OR SECTIONS OF THE FIRST STAGE. MARKOV STATED THAT MINISTRY MUST ESTABLISH "EFFECTIVE" CONTACTS WITH COMPANIES ON THESE PROJECTS BY THE FALL OF 1979.

D. EQUIPMENT AND TECHNOLOGY PROCUREMENT: DURING THE PERIOD IN 1979 WHEN GENERAL DECISIONS ARE REACHED ON BASIC ENGINEERING PLANNING, THE MINISTRY INTENDS TO INITIATE DISCUSSIONS WITH EQUIPMENT SUPPLIERS. MARKOV EXPECTS THAT

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THE FIRMS PARTICIPATING IN CONSULTATIONS ON BASIC ENGINEERING PROJECTS WILL BE OFFERING RECOMMENDATIONS ON TYPES OF EQUIPMENT AND TECHNOLOGY REQUIRED TO MEET THEIR PLANNING FOR FIRST STAGE. THE MINISTRY INTENDS TO CONDUCT INDEPENDENT DISCUSSIONS WITH EQUIPMENT SUPPLIERS TO CONSIDER WIDE RANGE OF TECHNOLOGY AND EQUIPMENT POSSIBILITIES. FOR THE PRESENT, MARKOV REQUESTS THAT AMERICAN FIRMS WITH AN INTEREST IN FUTURE DISCUSSIONS ON EQUIPMENT FORWARD LITERATURE AS MEANS OF REGISTERING THEIR INTEREST WITH MINISTRY. SUCH FIRMS SHOULD BE AWARE THAT MINISTRY IS NOT YET PREPARED FOR DISCUSSIONS OR READY TO PROVIDE SPECIFICATIONS. RECOMMEND THAT AMERICAN FIRMS FORWARD LITERATURE TO EMBASSY TO INSURE THAT APPROPRIATE LEVEL OF MINISTRY REACHED AND TO ALLOW EMBASSY TO MONITOR FUTURE OPPORTUNITIES FOR FOLLOW-UP ON REQUIREMENTS FOR THE COMPLEX OR OTHER NEEDS OF THE MINISTRY.

4. LENGTHY DISCUSSION WITH MARKOV ON WILLINGNESS AND AVAILABILITY OF EMBASSY TO SERVE AS MEANS FOR MINISTRY TO ESTABLISH CONTACTS WITH AMERICAN FIRMS ON ANY ASPECT OF GOB PLANNING FOR THE COMPLEX LEADS US TO BELIEVE THAT HE EXPECTS TO OBTAIN MOST EFFECTIVE CONTACTS TO EQUIPMENT SUPPLIERS THROUGH COMPANIES PROVIDING BASIC ENGINEERING. IN AN EFFORT TO AVOID CIRCUMSTANCES WHERE NON-AMERICAN FIRM SELECTED FOR BASIC ENGINEERING THREATENS TO CLOSE OFF

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POSSIBLE MARKET FOR AMERICAN EQUIPMENT, WE WILL CONTINUE TO STRESS EMBASSY AND DOC WILLINGNESS TO ESTABLISH THE

MINISTRY'S EQUIPMENT REQUIREMENTS WITHIN THE AMERICAN MARKET. AT EACH POINT IN OUR DISCUSSIONS WITH MARKOV WE HAVE RESISTED HIS INCLINATION TO DEFER INPUT FROM AMERICAN FIRMS TO THE FTO TECHNOIMPORT. WE WISH TO CONTINUE TO PROVIDE AMERICAN FIRMS WITH OPPORTUNITY TO ESTABLISH CONTACTS WITH THE PRIMARY USER, THE MINISTRY, EITHER BEFORE OR CONCURRENT WITH DISCUSSIONS WITH THE FTO.

5. BASED ON THE ABOVE DISCUSSION, MARKOV PROVIDED SOME REFINEMENT TO OUR EARLIER DISCUSSIONS ON THE FIRST STAGE OF THE COMPLEX:

A. PER REF A, THE BASIC PLANT IS TO HAVE A CAPACITY OF 800,000 TONS ANNUAL CAPACITY FOR SMALL PROFILES FOR END USE IN MACHINEBUILDING.

B. HE ADDED THE REQUIREMENT OF A SEPARATE ROLLING PLANT OF ABOUT 200,000 TONS ANNUAL CAPACITY FOR ROLLING AND FORGING OF HIGH QUALITY AND ALLOY STEELS. GOB IS SEEKING HIGH RATES OF PRODUCTION WITH MAXIMUM FLEXIBILITY FOR WIDE RANGE OF PRODUCTS.

6. MARKOV REEMPHASIZED HIS NEED FOR INFORMATION ON THE INTERESTS OF AMERICAN FIRMS TO DISCUSS THE PROPOSED CHEMICAL PLANT TO BE LOCATED IN THE COMPLEX TO PRODUCE AMMONIA AND NITROGEN FERTILIZERS FROM THE BY-PRODUCTS OF THE METALLURGICAL PROCESSES. MARKOV COULD NOT PROVIDE ANY DATA ON SIZE OR VOLUME PLANNED FOR THIS FACILITY. BELIEVE SPECIALISTS NOT ABLE TO MAKE DECISIONS ON SPECIFICATIONS UNTIL THEY HAVE REVIEWED SOME LITERATURE. THUS WE ARE NOT ABLE TO OBTAIN MORE DETAILS AT THIS TIME.

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